Withdrawal of indirect tax exemptions

2562. SHRI RAJKUMAR DHOOT: Will the Minister of SMALL SCALE INDUSTRIES be pleased to state:

(a) whether it is a fact that Government are considering withdrawal of indirect tax exemptions including incentives for Small Scale Industries and those for locating industries in backward areas;

(b) if so, the details thereof and the reasons therefore; and

(c) in what manner Government propose to offset the adverse effect of such a decision on SSIs and employees engaged therein?

THE MINISTER OF SMALL SCALE INDUSTRIES (SHRI MAHABIR PRASAD): (a) No, Sir.

(b) and (c) Do not arise.

Credit delivery to SSI

2563. DR. T SUBBARAMI REDDY:
SHRI V. HANUMANTHA RAO:

Will the Minister of SMALL SCALE INDUSTRIES be pleased to state:

(a) whether better credit delivery to Small Scale Industry sector by RBI, State Financing Corporations and SIDBI are necessary for further enhancing role of small and medium enterprises;

(b) whether in its report on national strategy for manufacturing National Manufacturing Competitiveness Council (NMCC) has recommended that a separate law for small enterprises including chapter on provisions of credit to SSIs be framed as prevalent in other countries;

(c) whether some problems are being faced in accessing credit; and

(d) if so, what steps considered by Government to remove such-hurdles that are being faced by SSI units?

THE MINISTER OF SMALL SCALE INDUSTRIES (SHRI MAHABIR PRASAD): (a) Yes, Sir. However, the Reserve Bank of India (RBI) does not provide credit to the small scale industries (SSI) sector but formulates general policies for delivery of credit to the sector by banks, etc.

(b) In its draft report on 'National Strategy for Manufacturing'. The National Manufacturing Competitiveness Council has recommended a separate law for small enterprises and made several observations on provision of credit to the SSI.

(c) and (d) To facilitate flow of credit to the SSI units, the Government and the RBI have taken various measures which, *inter alia* include enhancement in composite loan limit from Rs. 50 lakh to Rs. 1 crore, raising of project cost limit under National Equity Fund (NEF) scheme from Rs. 25 lakh to Rs. 50 lakh, enhancement of eligible loan limit under

-Credit Guarantee Scheme from Rs. 10 lakh to Rs. 25 lakh, providing collaterial free loan upto Rs. 25 lakh to SSI units having good track record, setting up of Small and Medium Enterprises (SME) fund of Rs. 10,000 crore under Small Industries Development Bank of India (SIDBI), enhancement of credit limit under Laghu Udhyami Credit Card (LUCC) from Rs. 2 lakh to Rs. 10 lakh based on satisfactory track record, etc.

Further, the Government has announced a 'Policy Package for Stepping up Credit to Small and Medium Enterprises (SMEs)' on 10th August 2005. The measures in the Policy Package to increase the quantum of credit to SMEs (including SSIs) include: (i) public sector banks to fix their own targets for funding SMEs in order to achieve a minimum 20 per cent year-on-year growth in credit to the SME sector, (ii) public sector banks to follow a transparent rating system with cost of credit linked to the credit rating of the enterprises, (iii) commercial banks to make concerted efforts to provide credit cover on an average to at least 5 new tiny, small and medium enterprises at each of their semi-urban/ urban branches per year, (iv) special dispensation under the Credit Guarantee Scheme for all (a) loans upto Rs. 2 lakh, (b) eligible women entrepreneurs and (c) eligible borrowers located in the North Eastern region (including Sikkim) and Jammu and Kashmir, (v) adoption of cluster-based approach by banks for SME financing.

SSI units in North-Eastern Region

2564. SHRI T.R. ZELIANG: Will the Minister of SMALL SCALE INDUSTRIES be pleased to state:

(a) the number of Small Scale Industries that have been set up in the country particularly in the North-Eastern Region during the last three years, State-wise; and